

HOUSE BILL NO. 150

INTRODUCED BY LAWSON

BY REQUEST OF THE CHILDREN, FAMILIES, HEALTH, AND HUMAN SERVICES INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING PROVIDERS OF COMPANIONSHIP SERVICES OR RESPITE CARE FOR THE AGED OR INFIRM FROM WAGE AND HOUR REQUIREMENTS TO CONFORM TO FEDERAL LAW; EXEMPTING THE PROVISION OF COMPANIONSHIP SERVICES OR RESPITE CARE TO THE AGED OR INFIRM FROM MINIMUM WAGE AND OVERTIME, UNEMPLOYMENT INSURANCE, AND WORKERS' COMPENSATION INSURANCE IF THE PERSON PROVIDING THE SERVICE IS EMPLOYED DIRECTLY BY THE FAMILY OR A LEGAL GUARDIAN; AND AMENDING SECTIONS 39-3-406, 39-51-204, AND 39-71-401, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 39-3-406, MCA, is amended to read:

"39-3-406. Exclusions. (1) The provisions of 39-3-404 and 39-3-405 do not apply with respect to:

- (a) students participating in a distributive education program established under the auspices of an accredited educational agency;
- (b) persons employed in private homes whose duties consist of menial chores, such as babysitting, mowing lawns, and cleaning sidewalks;
- (c) persons employed directly by the head of a household to care for children dependent upon the head of the household;
- (d) immediate members of the family of an employer or persons dependent upon an employer for half or more of their support in the customary sense of being a dependent;
- (e) persons who are not regular employees of a nonprofit organization and who voluntarily offer their services to a nonprofit organization on a fully or partially reimbursed basis;
- (f) persons with disabilities engaged in work that is incidental to training or evaluation programs or whose earning capacity is so severely impaired that they are unable to engage in competitive employment;
- (g) apprentices or learners, who may be exempted by the commissioner for a period not to exceed 30 days of their employment;

1 (h) learners under the age of 18 who are employed as farm workers, provided that the exclusion may
2 not exceed 180 days from their initial date of employment and further provided that during this exclusion period,
3 wages paid the learners may not be less than 50% of the minimum wage rate established in this part;

4 (i) retired or semiretired persons performing part-time incidental work as a condition of their residence
5 on a farm or ranch;

6 (j) an individual employed in a bona fide executive, administrative, or professional capacity, as these
7 terms are defined by regulations of the commissioner, or in an outside sales capacity, as defined in 29 CFR
8 541.5;

9 (k) an individual employed by the United States of America;

10 (l) resident managers employed in lodging establishments or personal-care facilities who, under the
11 terms of their employment, live in the establishment or facility;

12 (m) a direct seller as defined in 26 U.S.C. 3508;

13 (n) a person placed as a participant in a public assistance program authorized by Title 53 into a work
14 setting for the purpose of developing employment skills. The placement may be with either a public or private
15 employer. The exclusion does not apply to an employment relationship formed in the work setting outside the
16 scope of the employment skills activities authorized by Title 53.

17 (o) a person serving as a foster parent, licensed as a foster care provider in accordance with 52-2-621,
18 and providing care without wage compensation to no more than six foster children in the provider's own
19 residence. The person may receive reimbursement for providing room and board, obtaining training, respite
20 care, leisure and recreational activities, and providing for other needs and activities arising in the provision of
21 in-home foster care.

22 (p) an employee employed in domestic service employment to provide ~~live-in~~ companionship services,
23 as defined in 29 CFR 552.6, or respite care for individuals who, because of age or infirmity, are unable to care
24 for themselves as provided under section 213(a)(15) of the Fair Labor Standards Act, 29 U.S.C. 213, WHEN THE
25 PERSON PROVIDING THE SERVICE IS EMPLOYED DIRECTLY BY A FAMILY MEMBER OR AN INDIVIDUAL WHO IS A LEGAL
26 GUARDIAN.

27 (2) The provisions of 39-3-405 do not apply to:

28 (a) an employee with respect to whom the United States secretary of transportation has power to
29 establish qualifications and maximum hours of service pursuant to the provisions of 49 U.S.C. 31502;

30 (b) an employee of an employer subject to 49 U.S.C. 10501 and 49 U.S.C. 60501, the provisions of part

1 I of the Interstate Commerce Act;

2 (c) an individual employed as an outside buyer of poultry, eggs, cream, or milk, in their raw or natural
3 state;

4 (d) a salesperson, parts person, or mechanic paid on a commission or contract basis and primarily
5 engaged in selling or servicing automobiles, trucks, mobile homes, recreational vehicles, or farm implements
6 if the salesperson, parts person, or mechanic is employed by a nonmanufacturing establishment primarily
7 engaged in the business of selling the vehicles or implements to ultimate purchasers;

8 (e) a salesperson primarily engaged in selling trailers, boats, or aircraft if the salesperson is employed
9 by a nonmanufacturing establishment primarily engaged in the business of selling trailers, boats, or aircraft to
10 ultimate purchasers;

11 (f) a salesperson paid on a commission or contract basis who is primarily engaged in selling advertising
12 for a radio or television station employer;

13 (g) an employee employed as a driver or driver's helper making local deliveries who is compensated
14 for the employment on the basis of trip rates or other delivery payment plan if the commissioner finds that the
15 plan has the general purpose and effect of reducing hours worked by the employees to or below the maximum
16 workweek applicable to them under 39-3-405;

17 (h) an employee employed in agriculture or in connection with the operation or maintenance of ditches,
18 canals, reservoirs, or waterways that are not owned or operated for profit, that are not operated on a sharecrop
19 basis, and that are used exclusively for supply and storing of water for agricultural purposes;

20 (i) an employee employed in agriculture by a farmer, notwithstanding other employment of the employee
21 in connection with livestock auction operations in which the farmer is engaged as an adjunct to the raising of
22 livestock, either alone or in conjunction with other farmers, if the employee is:

23 (i) primarily employed during a workweek in agriculture by a farmer; and

24 (ii) paid for employment in connection with the livestock auction operations at a wage rate not less than
25 that prescribed by 39-3-404;

26 (j) an employee of an establishment commonly recognized as a country elevator, including an
27 establishment that sells products and services used in the operation of a farm if no more than five employees
28 are employed by the establishment;

29 (k) a driver employed by an employer engaged in the business of operating taxicabs;

30 (l) an employee who is employed with the employee's spouse by a nonprofit educational institution to

1 serve as the parents of children who are orphans or one of whose natural parents is deceased or who are
2 enrolled in the institution and reside in residential facilities of the institution so long as the children are in
3 residence at the institution and so long as the employee and the employee's spouse reside in the facilities and
4 receive, without cost, board and lodging from the institution and are together compensated, on a cash basis, at
5 an annual rate of not less than \$10,000;

6 (m) an employee employed in planting or tending trees; cruising, surveying, or felling timber; or
7 transporting logs or other forestry products to a mill, processing plant, railroad, or other transportation terminal
8 if the number of employees employed by the employer in the forestry or lumbering operations does not exceed
9 eight;

10 (n) an employee of a sheriff's department who is working under an established work period in lieu of
11 a workweek pursuant to 7-4-2509(1);

12 (o) an employee of a municipal or county government who is working under a work period not
13 exceeding 40 hours in a 7-day period established through a collective bargaining agreement when a collective
14 bargaining unit represents the employee or by mutual agreement of the employer and employee when a
15 bargaining unit is not recognized. Employment in excess of 40 hours in a 7-day, 40-hour work period must be
16 compensated at a rate of not less than 1 1/2 times the hourly wage rate for the employee.

17 (p) an employee of a hospital or other establishment primarily engaged in the care of the sick, disabled,
18 aged, or mentally ill or defective who is working under a work period not exceeding 80 hours in a 14-day period
19 established through either a collective bargaining agreement when a collective bargaining unit represents the
20 employee or by mutual agreement of the employer and employee when a bargaining unit is not recognized.
21 Employment in excess of 8 hours a day or 80 hours in a 14-day period must be compensated for at a rate of not
22 less than 1 1/2 times the hourly wage rate for the employee.

23 (q) a firefighter who is working under a work period established in a collective bargaining agreement
24 entered into between a public employer and a firefighters' organization or its exclusive representative;

25 (r) an officer or other employee of a police department in a city of the first or second class who is
26 working under a work period established by the chief of police under 7-32-4118;

27 (s) an employee of a department of public safety working under a work period established pursuant to
28 7-32-115;

29 (t) an employee of a retail establishment if the employee's regular rate of pay exceeds 1 1/2 times the
30 minimum hourly rate applicable under section 206 of the Fair Labor Standards Act of 1938, 29 U.S.C. 206, and

1 if more than half of the employee's compensation for a period of not less than 1 month is derived from
2 commissions on goods and services;

3 (u) a person employed as a guide, cook, camp tender, or livestock handler by a licensed outfitter as
4 defined in 37-47-101;

5 (v) an employee employed as a radio announcer, news editor, or chief engineer by an employer in a
6 second- or third-class city or a town;

7 (w) an employee of the consolidated legislative branch as provided in 5-2-503;

8 (x) an employee of the state or its political subdivisions employed, at the employee's option, on an
9 occasional or sporadic basis in a capacity other than the employee's regular occupation. Only the hours that the
10 employee was employed in a capacity other than the employee's regular occupation may be excluded from the
11 calculation of hours to determine overtime compensation."
12

13 **Section 2.** Section 39-51-204, MCA, is amended to read:

14 **"39-51-204. Exclusions from definition of employment.** (1) The term "employment" does not include:

15 (a) domestic or household service in a private home, local college club, or local chapter of a college
16 fraternity or sorority, except as provided in 39-51-202(3). If an employer is otherwise subject to this chapter and
17 has domestic or household service employment, all employees engaged in domestic or household service must
18 be excluded from coverage under this chapter if the employer:

19 (i) does not meet the monetary payment test in any quarter or calendar year, as applicable, for the
20 subject wages attributable to domestic or household service; and

21 (ii) keeps separate books and records to account for the employment of persons in domestic or
22 household service.

23 (b) service performed by a dependent member of a sole proprietor for whom an exemption may be
24 claimed under 26 U.S.C. 152 or service performed by a sole proprietor's spouse for whom an exemption based
25 on marital status may be claimed by the sole proprietor under 26 U.S.C. 7703;

26 (c) service performed as a freelance correspondent or newspaper carrier if the person performing the
27 service, or a parent or guardian of the person performing the service in the case of a minor, has acknowledged
28 in writing that the person performing the service and the service are not covered. As used in this subsection:

29 (i) "freelance correspondent" is a person who submits articles or photographs for publication and is paid
30 by the article or by the photograph; and

1 (ii) "newspaper carrier" means a person who provides a newspaper with the service of delivering
2 newspapers singly or in bundles. The term does not include an employee of the paper who, incidentally to the
3 employee's main duties, carries or delivers papers.

4 (d) services performed by qualified real estate agents, as defined in 26 U.S.C. 3508, or insurance
5 salespeople paid solely by commission and without a guarantee of minimum earnings;

6 (e) service performed by a cosmetologist who is licensed under Title 37, chapter 31, or a barber who
7 is licensed under Title 37, chapter 30, and:

8 (i) who has acknowledged in writing that the cosmetologist or barber is not covered by unemployment
9 insurance and workers' compensation;

10 (ii) who contracts with a cosmetology salon, as defined in 37-31-101, or a barbershop, as defined in
11 37-30-101, which contract must show that the cosmetologist or barber:

12 (A) is free from all control and direction of the owner in the contract;

13 (B) receives payment for service from individual clientele; and

14 (C) leases, rents, or furnishes all of the cosmetologist's or barber's own equipment, skills, or knowledge;

15 and

16 (iii) whose contract gives rise to an action for breach of contract in the event of contract termination. The
17 existence of a single license for the cosmetology salon or barbershop may not be construed as a lack of freedom
18 from control or direction under this subsection.

19 (f) casual labor not in the course of an employer's trade or business performed in any calendar quarter,
20 unless the cash remuneration paid for the service is \$50 or more and the service is performed by an individual
21 who is regularly employed by the employer to perform the service. "Regularly employed" means that the service
22 is performed during at least 24 days in the same quarter.

23 (g) service performed by sole proprietors, working members of a partnership, members of a
24 member-managed limited liability company that has filed with the secretary of state, or partners in a limited
25 liability partnership that has filed with the secretary of state;

26 (h) service performed for the installation of floor coverings if the installer:

27 (i) bids or negotiates a contract price based upon work performed by the yard or by the job;

28 (ii) is paid upon completion of an agreed-upon portion of the job or after the job is completed;

29 (iii) may perform service for anyone without limitation;

30 (iv) may accept or reject any job;

- 1 (v) furnishes substantially all tools and equipment necessary to provide the service; and
- 2 (vi) works under a written contract that:
- 3 (A) gives rise to a breach of contract action if the installer or any other party fails to perform the contract
- 4 obligations;
- 5 (B) states that the installer is not covered by unemployment insurance; and
- 6 (C) requires the installer to provide a current workers' compensation policy or to obtain an exemption
- 7 from workers' compensation requirements;
- 8 (i) service performed as a direct seller as defined by 26 U.S.C. 3508;
- 9 (j) service performed by a petroleum land professional. As used in this subsection, "petroleum land
- 10 professional" means a person who:
- 11 (i) is engaged primarily in negotiating for the acquisition or divestiture of mineral rights or in negotiating
- 12 a business agreement for the exploration or development of minerals;
- 13 (ii) is paid for service that is directly related to the completion of a contracted specific task rather than
- 14 on an hourly wage basis; and
- 15 (iii) performs all services as an independent contractor pursuant to a written contract.
- 16 (k) service performed by an ordained, commissioned, or licensed minister of a church in the exercise
- 17 of the church's ministry or by a member of a religious order in the exercise of duties required by the order;
- 18 (l) service performed by an individual receiving rehabilitation or remunerative work in a facility
- 19 conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is
- 20 impaired by age or physical or mental deficiency or injury or providing remunerative work for individuals who,
- 21 because of impaired physical or mental capacity, cannot be readily absorbed in the competitive labor market;
- 22 (m) service performed as part of an unemployment work-relief or work-training program assisted or
- 23 financed in whole or in part by a federal agency, any agency of a state or political subdivision of the state, or an
- 24 Indian tribe by an individual receiving work relief or work training;
- 25 (n) service performed for a state prison or other state correctional or custodial institution by an inmate
- 26 of that institution;
- 27 (o) service performed by an individual who is sentenced to perform court-ordered community service
- 28 or similar work;
- 29 (p) service performed by elected public officials;
- 30 (q) agricultural labor, except as provided in 39-51-202(2), (4), or (6). If an employer is otherwise subject

1 to this chapter and has agricultural employment, all employees engaged in agricultural labor must be excluded
2 from coverage under this chapter if the employer:

3 (i) in any quarter or calendar year, as applicable, does not meet either of the tests relating to the
4 monetary amount or number of employees and days worked for the subject wages attributable to agricultural
5 labor; and

6 (ii) keeps separate books and records to account for the employment of persons in agricultural labor.

7 (r) service performed in the employ of any other state or its political subdivisions or of the United States
8 government or of an instrumentality of any other state or states or their political subdivisions or of the United
9 States, except that national banks organized under the national banking law are not entitled to exemption under
10 this subsection and are subject to this chapter the same as state banks, if the service is excluded from
11 employment as defined in section 3306(c)(7) of the Federal Unemployment Tax Act;

12 (s) service in which unemployment insurance is payable under an unemployment insurance system
13 established by an act of congress if the department enters into agreements with the proper agencies under an
14 act of congress and those agreements become effective in the manner prescribed in the Montana Administrative
15 Procedure Act for the adoption of rules, to provide reciprocal treatment to individuals who have, after acquiring
16 potential rights to benefits under this chapter, acquired rights to unemployment insurance under an act of
17 congress or who have, after acquiring potential rights to unemployment insurance under the act of congress,
18 acquired rights to benefits under this chapter;

19 (t) service performed in the employ of a school or university if the service is performed by a student who
20 is enrolled and is regularly attending classes at a school or university or by the spouse of a student if the spouse
21 is advised, at the time that the spouse commences to perform the service, that the employment of the spouse
22 to perform the service is provided under a program to provide financial assistance to the student by the school
23 or university and that the employment is not covered by any program of unemployment insurance;

24 (u) service performed by an individual who is enrolled at a nonprofit or public educational institution that
25 normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in
26 attendance at the place where its educational activities are carried on, as a student in a full-time program taken
27 for credit at an institution that combines academic instruction with work experience if the service is an integral
28 part of the program and the institution has certified that fact to the employer, except that this subsection (1)(u)
29 does not apply to service performed in a program established for or on behalf of an employer or group of
30 employers;

1 (v) service performed as an officer or member of the crew of a vessel on the navigable waters of the
2 United States;

3 (w) service performed by an alien admitted to the United States to perform agricultural labor pursuant
4 to sections 214(c) and 1101(a)(H)(ii)(a) of the Immigration and Nationality Act; or

5 (x) service performed in a fishing rights-related activity of an Indian tribe by a member of the tribe for
6 another member of that tribe or for a qualified Indian entity, as defined in 26 U.S.C. 7873; or

7 (y) service performed to provide companionship services, as defined in 29 CFR 552.6, or respite care
8 for individuals who, because of age or infirmity, are unable to care for themselves when the person providing
9 the service is employed directly by a family member or an individual who is a legal guardian.

10 (2) An individual found to be an independent contractor by the department under the terms of
11 39-71-401(3) is considered an independent contractor for the purposes of this chapter. An independent
12 contractor is not precluded from filing a claim for benefits and receiving a determination pursuant to 39-51-2402.

13 (3) This section does not apply to a state or local governmental entity, an Indian tribe or tribal unit, or
14 a nonprofit organization defined under section 501(c)(3) of the Internal Revenue Code unless the service is
15 excluded from employment for purposes of the Federal Unemployment Tax Act."

16

17 **Section 3.** Section 39-71-401, MCA, is amended to read:

18 **"39-71-401. Employments covered and employments exempted.** (1) Except as provided in
19 subsection (2), the Workers' Compensation Act applies to all employers, as defined in 39-71-117, and to all
20 employees, as defined in 39-71-118. An employer who has any employee in service under any appointment or
21 contract of hire, expressed or implied, oral or written, shall elect to be bound by the provisions of compensation
22 plan No. 1, 2, or 3. Each employee whose employer is bound by the Workers' Compensation Act is subject to
23 and bound by the compensation plan that has been elected by the employer.

24 (2) Unless the employer elects coverage for these employments under this chapter and an insurer
25 allows an election, the Workers' Compensation Act does not apply to any of the following employments:

26 (a) household and domestic employment;

27 (b) casual employment as defined in 39-71-116;

28 (c) employment of a dependent member of an employer's family for whom an exemption may be
29 claimed by the employer under the federal Internal Revenue Code;

30 (d) employment of sole proprietors, working members of a partnership, working members of a limited

1 liability partnership, or working members of a member-managed limited liability company, except as provided
2 in subsection (3);

3 (e) employment of a real estate, securities, or insurance salesperson paid solely by commission and
4 without a guarantee of minimum earnings;

5 (f) employment as a direct seller as defined by 26 U.S.C. 3508;

6 (g) employment for which a rule of liability for injury, occupational disease, or death is provided under
7 the laws of the United States;

8 (h) employment of a person performing services in return for aid or sustenance only, except
9 employment of a volunteer under 67-2-105;

10 (i) employment with a railroad engaged in interstate commerce, except that railroad construction work
11 is included in and subject to the provisions of this chapter;

12 (j) employment as an official, including a timer, referee, umpire, or judge, at an amateur athletic event;

13 (k) employment of a person performing services as a newspaper carrier or freelance correspondent if
14 the person performing the services or a parent or guardian of the person performing the services in the case of
15 a minor has acknowledged in writing that the person performing the services and the services are not covered.
16 As used in this subsection, "freelance correspondent" is a person who submits articles or photographs for
17 publication and is paid by the article or by the photograph. As used in this subsection, "newspaper carrier":

18 (i) is a person who provides a newspaper with the service of delivering newspapers singly or in bundles;
19 but

20 (ii) does not include an employee of the paper who, incidentally to the employee's main duties, carries
21 or delivers papers.

22 (l) cosmetologist's services and barber's services as defined in 39-51-204(1)(e);

23 (m) a person who is employed by an enrolled tribal member or an association, business, corporation,
24 or other entity that is at least 51% owned by an enrolled tribal member or members, whose business is
25 conducted solely within the exterior boundaries of an Indian reservation;

26 (n) employment of a jockey who is performing under a license issued by the board of horseracing from
27 the time that the jockey reports to the scale room prior to a race through the time that the jockey is weighed out
28 after a race if the jockey has acknowledged in writing, as a condition of licensing by the board of horseracing,
29 that the jockey is not covered under the Workers' Compensation Act while performing services as a jockey;

30 (o) employment of a trainer, assistant trainer, exercise person, or pony person who is performing

- 1 services under a license issued by the board of horseracing while on the grounds of a licensed race meet;
- 2 (p) employment of an employer's spouse for whom an exemption based on marital status may be
3 claimed by the employer under 26 U.S.C. 7703;
- 4 (q) a person who performs services as a petroleum land professional. As used in this subsection, a
5 "petroleum land professional" is a person who:
- 6 (i) is engaged primarily in negotiating for the acquisition or divestiture of mineral rights or in negotiating
7 a business agreement for the exploration or development of minerals;
- 8 (ii) is paid for services that are directly related to the completion of a contracted specific task rather than
9 on an hourly wage basis; and
- 10 (iii) performs all services as an independent contractor pursuant to a written contract.
- 11 (r) an officer of a quasi-public or a private corporation or manager of a manager-managed limited liability
12 company who qualifies under one or more of the following provisions:
- 13 (i) the officer or manager is not engaged in the ordinary duties of a worker for the corporation or the
14 limited liability company and does not receive any pay from the corporation or the limited liability company for
15 performance of the duties;
- 16 (ii) the officer or manager is engaged primarily in household employment for the corporation or the
17 limited liability company;
- 18 (iii) the officer or manager either:
- 19 (A) owns 20% or more of the number of shares of stock in the corporation or owns 20% or more of the
20 limited liability company; or
- 21 (B) owns less than 20% of the number of shares of stock in the corporation or limited liability company
22 if the officer's or manager's shares when aggregated with the shares owned by a person or persons listed in
23 subsection (2)(r)(iv) total 20% or more of the number of shares in the corporation or limited liability company;
- 24 or
- 25 (iv) the officer or manager is the spouse, child, adopted child, stepchild, mother, father, son-in-law,
26 daughter-in-law, nephew, niece, brother, or sister of a corporate officer who meets the requirements of
27 subsection (2)(r)(iii)(A) or (2)(r)(iii)(B).
- 28 (s) a person who is an officer or a manager of a ditch company as defined in 27-1-731;
- 29 (t) service performed by an ordained, commissioned, or licensed minister of a church in the exercise
30 of the church's ministry or by a member of a religious order in the exercise of duties required by the order;

1 (u) service performed to provide companionship services, as defined in 29 CFR 552.6, or respite care
2 for individuals who, because of age or infirmity, are unable to care for themselves when the person providing
3 the service is employed directly by a family member or an individual who is a legal guardian.

4 (3) (a) A sole proprietor, a working member of a partnership, a working member of a limited liability
5 partnership, or a working member of a member-managed limited liability company who represents to the public
6 that the person is an independent contractor shall elect to be bound personally and individually by the provisions
7 of compensation plan No. 1, 2, or 3 but may apply to the department for an exemption from the Workers'
8 Compensation Act.

9 (b) The application must be made in accordance with the rules adopted by the department. There is a
10 \$25 fee for the initial application. Any subsequent application renewal must be accompanied by a \$25 application
11 fee. The application fee must be deposited in the administration fund established in 39-71-201 to offset the costs
12 of administering the program.

13 (c) When an application is approved by the department, it is conclusive as to the status of an
14 independent contractor and precludes the applicant from obtaining benefits under this chapter.

15 (d) The exemption, if approved, remains in effect for 3 years following the date of the department's
16 approval. To maintain the independent contractor status, an independent contractor shall every 3 years submit
17 a renewal application. A renewal application must be submitted for all independent contractor exemptions
18 approved on or after July 1, 1995. The renewal application and the \$25 renewal application fee must be received
19 by the department at least 30 days before the anniversary date of the previously approved exemption.

20 (e) A person who makes a false statement or misrepresentation concerning that person's status as an
21 exempt independent contractor is subject to a civil penalty of \$1,000. The department may impose the penalty
22 for each false statement or misrepresentation. The penalty must be paid to the uninsured employers' fund. The
23 lien provisions of 39-71-506 apply to the penalty imposed by this section.

24 (f) If the department denies the application for exemption, the applicant may, after mediation pursuant
25 to department rules, contest the denial by petitioning the workers' compensation court.

26 (4) (a) A corporation or a manager-managed limited liability company shall provide coverage for its
27 employees under the provisions of compensation plan No. 1, 2, or 3. A quasi-public corporation, a private
28 corporation, or a manager-managed limited liability company may elect coverage for its corporate officers or
29 managers, who are otherwise exempt under subsection (2), by giving a written notice in the following manner:

30 (i) if the employer has elected to be bound by the provisions of compensation plan No. 1, by delivering

1 the notice to the board of directors of the corporation or to the management organization of the
2 manager-managed limited liability company; or

3 (ii) if the employer has elected to be bound by the provisions of compensation plan No. 2 or 3, by
4 delivering the notice to the board of directors of the corporation or to the management organization of the
5 manager-managed limited liability company and to the insurer.

6 (b) If the employer changes plans or insurers, the employer's previous election is not effective and the
7 employer shall again serve notice to its insurer and to its board of directors or the management organization of
8 the manager-managed limited liability company if the employer elects to be bound.

9 (5) The appointment or election of an employee as an officer of a corporation, a partner in a partnership,
10 a partner in a limited liability partnership, or a member in or a manager of a limited liability company for the
11 purpose of exempting the employee from coverage under this chapter does not entitle the officer, partner,
12 member, or manager to exemption from coverage.

13 (6) Each employer shall post a sign in the workplace at the locations where notices to employees are
14 normally posted, informing employees about the employer's current provision of workers' compensation
15 insurance. A workplace is any location where an employee performs any work-related act in the course of
16 employment, regardless of whether the location is temporary or permanent, and includes the place of business
17 or property of a third person while the employer has access to or control over the place of business or property
18 for the purpose of carrying on the employer's usual trade, business, or occupation. The sign must be provided
19 by the department, distributed through insurers or directly by the department, and posted by employers in
20 accordance with rules adopted by the department. An employer who purposely or knowingly fails to post a sign
21 as provided in this subsection is subject to a \$50 fine for each citation."

22

- END -